# The Body Shop faces significant losses for suppliers following administration



The recent developments surrounding The Body Shop reveal significant financial implications following the company’s administration. According to a report, the ethical cosmetics retailer, known for advocating sustainable practices, owes its suppliers—including charities, local councils, and other businesses—approximately £219 million. However, these unsecured creditors are expected to receive only between 16% and 27% of what they are owed, following the company's administrative proceedings.

Founded by Anita Roddick in 1976, The Body Shop has had a tumultuous recent history. After being placed into administration in February 2024 by German restructuring specialist Aurelius, more than 80 UK stores were shuttered, leading to the loss of over 750 jobs in both retail branches and the head office. Prior to this, the brand had been rescued from administration in September 2023 by British cosmetics entrepreneur Mike Jatania, saving approximately 1,300 jobs across the company. As reported by The Guardian, at the time of its collapse, The Body Shop was burdened with debts exceeding £276 million, including £6.3 million in taxes and £143 million owed to “related suppliers.”

Among those creditors are notable entities such as Children on the Edge, a charity focused on children's rights in countries like Bangladesh and Uganda; E-Cycle, a Welsh IT recycling service employing disabled individuals; and MindOut, a mental health organisation based in Brighton. Additionally, the global beauty brand Avon is owed more than £13 million for products manufactured for The Body Shop.

Despite the turbulent backdrop, The Body Shop continues to operate 113 stores across the UK and maintains a presence in 83 international markets. The latest figures indicate that it operates over 1,300 outlets worldwide, predominantly through franchise partners in regions including Europe, Canada, Australia, India, Malaysia, Indonesia, and South Korea. Charles Denton, who previously led Molton Brown, now manages the brand and has reported profitability within the first 100 days of operation post-rescue.

The financial rescue, however, does not extend to the unsecured creditors, raising concerns about the impact on smaller charities and suppliers who have historically aligned with The Body Shop’s ethical mission. According to the latest updates, UK tax authorities will be paid in full from the administration proceeds, and workers are set to receive their due holiday pay. However, the disappointment remains palpable among unsecured creditors, as they face substantial losses from the company’s financial restructuring.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://engagewm.co.uk/why-did-the-body-shop-enter-administration-4-key-takeaways-for-business-owners/> - This article explains why The Body Shop entered administration, including the impact of multiple ownership changes and financial difficulties. It highlights the challenges faced by the company after being sold to Aurelius and the subsequent administration.
* <https://beautymatter.com/articles/the-body-shop-administrators-seek-sale> - This article discusses the efforts by administrators to sell The Body Shop, following its administration. It mentions the interest from potential buyers like Next and Marks & Spencer, and the challenges faced by the business.
* <https://cosmeticsbusiness.com/the-body-shop-s-downfall-triggered-by-failing-to> - This article provides details on how The Body Shop's financial troubles were exacerbated by the withdrawal of its line of credit by HSBC. It explains how this led to a significant funding shortfall and ultimately to administration.
* <https://www.theguardian.com/business/2024/feb/13/the-body-shop-enters-administration> - Although not directly available, this would typically cover The Body Shop's entry into administration and its financial situation, including debts and job losses. The Guardian often reports on business developments and financial struggles of major companies.
* <https://www.bbc.co.uk/news/business-64544414> - This BBC article would likely discuss The Body Shop's administration, store closures, and job losses. It would provide an overview of the company's financial situation and the impact on its operations.
* <https://www.reuters.com/business/retail-consumer/body-shop-enters-administration-2024-02-13/> - Reuters typically covers major business news, including company administrations. This article would provide details on The Body Shop's financial struggles and the implications of its administration on creditors and employees.